

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 683 - SB 608**

March 22, 2011

**SUMMARY OF BILL:** Establishes a judicial process for the court to order a person to receive assisted outpatient mental health treatment under certain conditions. The proposed patient has a right to be represented by an attorney at all stages of the court proceedings. The application to the court must be accompanied by an affidavit of a licensed physician and a written proposed treatment plan. Upon receipt of the application, the court must set a hearing date within three days, excluding weekends and holidays. The court may order the proposed patient to receive assisted outpatient treatment for an initial period of no more than one year, unless there are not adequate community resources available to provide the recommended treatment plan, at which point the court shall state the findings of fact on the record and dismiss the application without prejudice.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures –**

**Net Impact - \$12,389,200/FY11-12/General Fund**

**Net Impact - \$15,654,500/FY12-13/General Fund**

**Net Impact - \$7,430,000/FY13-14 and Subsequent Years/General Fund**

**\$34,300/FY11-12/Indigent Defense Fund**

**\$37,800/FY12-13/Indigent Defense Fund**

**\$19,500/FY13-14 and Subsequent Years/Indigent Defense Fund**

**Other Fiscal Impact – There will be an estimated savings in the Behavior Health Safety Net program of \$315,600 in FY11-12, \$348,500 in FY12-13, and \$178,600 in FY13-14 and subsequent years. These savings will not result in a decrease in expenditures, but will be used to fund services to uninsured individuals who are currently not being served.**

**Assumptions:**

- According to the Department of Mental Health (DMH), there will be approximately 1,620 applicants in the first year that will receive an evaluation. This number will likely increase in the second year to 1,790 applicants, but will average to approximately 920 annually in the out years.

- Each evaluation will cost approximately \$250 resulting in an increase in state expenditures in FY11-12 of \$405,000 (1,620 applicants x \$250). In FY12-13, the increase in state expenditures will be \$447,500 (1,790 applicants x \$250) and \$230,000 (920 applicants x \$250) in FY13-14 and subsequent years. According to DMH, evaluations do not usually qualify as medically necessary, therefore all expenditures will be state funded.
- According to DMH, the initial court-ordered length of treatment will differ among patients as well as the number of renewals and the length of renewals. After adjusting for the length-of-stay, it is estimated that 600 evaluations in the first year, 900 evaluations in the second year, and 500 evaluations in the out years will receive assisted outpatient treatment.
- A program of assertive community treatment (PACT) costs approximately \$1,600 per month per patient. There will be an increase in state expenditures of \$11,520,000 (600 patients x \$1,600 x 12 months) in FY11-12. The increase in state expenditures in FY12-13 will be \$17,280,000 (900 patients x \$1,600 x 12 months) and \$9,600,000 (500 patients x \$1,600 x 12 months) in FY13-14 and subsequent years.
- Approximately 25 percent of these costs will be reimbursed to the community mental health agencies through private health insurance, private parties, Medicare, and other resources resulting in a net increase in state expenditures of \$8,640,000 (\$11,520,000 x 75%) in FY11-12, \$12,960,000 (\$17,280,000 x 75%) in FY12-13, and \$7,200,000 (\$9,600,000 x 75%) in FY13-14 and subsequent years.
- According to DMH, there are currently only two PACT programs statewide that will not be sufficient to handle the additional caseload. There will be necessary start-up costs associated with creating the new programs and increasing the capacity of the existing programs through facility, personnel, and resource expansions. The start-up costs in FY11-12 are estimated to be \$3,344,200 and \$2,247,000 in FY12-13.
- There will be some cost savings. According to DMH, the majority of applicants will come from inpatient psychiatric hospitals as part of discharge planning. The Department estimates that there will be savings by reducing the number of individuals referred to the behavioral health safety net programs. DMH estimates that there could be savings up to \$315,600 in FY11-12, \$348,500 in FY12-13, and \$178,600 in FY13-14 and subsequent years. These savings will be used to meet the current unfilled demands of the safety net programs for the uninsured and will result in more people receiving treatment.
- According to the Administrative Office of the Courts (AOC), there will be an increase in the caseloads in the court system which will result in additional state and local government expenditures for processing the cases and additional state and local government revenue from fees, taxes and costs collected. These expenditures and revenue are estimated to be not significant.
- It is estimated that a portion of these applicants will have counsel appointed to them. These appointed attorneys will be paid out of the Indigent Defense Fund. While an exact number of individuals that will need representation is not known, it is assumed that 35 percent of the total number of applicants will have an attorney appointed to them.
- According to the AOC, the average amount of a judicial hospitalization attorney fee claim was \$60.41 in FY09-10.
- It is estimated that the increase in state expenditures from the Indigent Defense Fund will be \$34,252.47 (1,620 applicants x 35% x \$60.41) in FY11-12, \$37,846.87 (1,790

applicants x 35% x \$60.41) in FY12-13, and \$19,452.02 (920 applicants x 35% x \$60.41) in FY13-14 and subsequent years.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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